

# Strategic Materials in United States Import Trade

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**T**HE impact of the European war upon United States import trade has taken a variety of forms. The immediate effect of developments during the first year of hostilities was to cut off sources of supply in practically all continental European and Mediterranean countries. The loss of these markets to world trade has forced other countries to seek new or expanded outlets for their products in the United States or, together with the disruption of sea communications, has resulted in the shipment to the United States in a crude form of commodities customarily imported in semifinished or finished form.

Fears of an impairment or interruption of shipping connections with vital sources of supply in Asia have led to plans for the accumulation of domestic stock piles of the more indispensable imported materials. At the same time, the manifest need for greater self-sufficiency as a matter of national defense and the rise in the prices of many commodities because of war conditions have promoted the search for domestic sources of supply and for substitutes. To the degree that it is successful, this search will in time profoundly affect the size and constitution of import trade. War circumstances have given rise also to the importation into this country for storage of products entering the world market, as in the case of a number of metals and as has been proposed in the case of the Australian wool clip. Transactions of this character serve to inflate the statistics of imports into the United States. Again, the altered political and economic relationships growing out of the war in Europe are directly responsible for the concerted efforts being made under Government direction to foster import trade with Latin America. They are, moreover, not without significance for the continued import and purchase by the Treasury of unprecedented quantities of foreign gold and silver, which are in many countries among the principal articles of export to the United States.

These various factors affecting import trade, some tending to expand the trade and some to reduce it, some actual and some potential, have been largely obscured during the period since the outbreak of the European war by the influence of increased industrial requirements upon the volume of imported raw materials.

## Relationship Between Imports and Industrial Production.

An analysis of foreign trade over a period of years reveals that the relative level of import trade is determined largely by fluctuations in industrial activity. (See fig. 8.) The relationship between the physical

volume of imports and industrial output is, however, not a simple but a complex one, as frequent divergences suggest. In the first place, only about half of total imports over a term of years represents industrial materials brought into the country for further processing. The volume of other major imports, including several staples of the American diet, is influenced primarily by population trend in conjunction with the size and distribution of the national income and only indirectly by the level of industrial activity. Even in the case of raw materials for industry, an increase in domestic requirements may have as its first consequence the utilization of domestic or imported stocks, so that the resulting increase in imports may follow a rise in industrial output by a considerable interval. On the

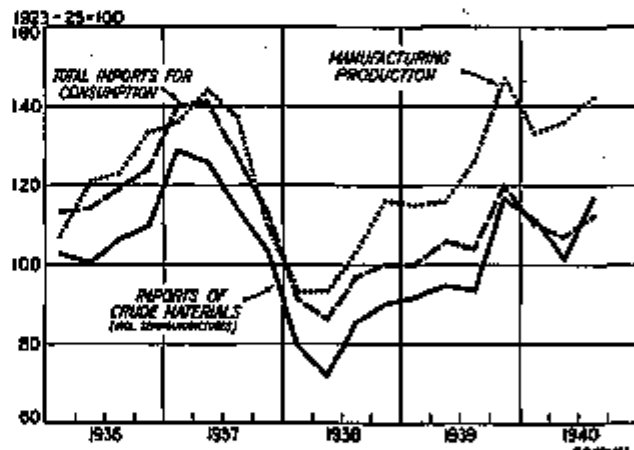


Figure 8.—Index of Quantity of Total U. S. Imports for Consumption, Imports of Crude Materials (including Semimanufactures), and Manufacturing Production, by Quarters, 1936-40 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

NOTE.—The index of industrial production was recomputed, with the 1923-25 average as base, from the revised series (1935-36=100) constructed by the Board of Governors of the Federal Reserve System.

other hand, the anticipation of future needs through the building up of inventories will be reflected in enlarged importations in advance of a related increase in production. At times, extraneous factors such as the raising or lowering of trade barriers and domestic drought may be the predominant influences upon both the character and the volume of import trade.

## Trends in Import Trade Since 1936.

Since 1936 United States imports have passed through a complete cycle closely paralleling the course of manufacturing production.<sup>1</sup> The broad upward movement

<sup>1</sup> In view of the composition of the respective indexes, a comparison of the volume of imports with the volume of manufacturing production rather than the volume of all industrial production is considered more significant. Fluctuations in the latter two series are, however, practically identical.

beginning in 1933 carried the trade in 1937 above the 1929 level in terms of quantity although not of value. The recession in industrial activity extending from the last quarter of 1937 through the second quarter of 1938 was accompanied by a slump in imports of even greater magnitude, partly because of the passing of the effects of the drought upon purchases of grains from foreign countries. The rise in output after May 1938, broken only by a minor downturn in the first part of 1939, carried with it an irregular but steady increase in imports, which became pronounced when manufacturing production rose sharply after the outbreak of the European war. Both domestic production and volume of imports fell in the early months of 1940 somewhat below the levels of the last quarter of 1939. Because of the comparatively small movements of import prices in recent years, fluctuations in the value of imports have followed changes in the physical volume of imports without important deviation.

The inauguration of the defense program and the resulting stimulus to manufacturing output have served to maintain import trade in 1940 at levels well above those of the corresponding periods of 1938 or 1939. The value of general imports during the 12 months ended with August was 23 percent larger than in the corresponding period of 1938-39 (although considerably smaller than during the same period of 1936-37). This rise in total imports was restricted by the decline in imports from Europe, which became drastic after the closing of most of the outlets from continental and Mediterranean countries in June. The increase in receipts from non-European areas during the first year of the war was nearly 40 percent. Successive decreases in aggregate imports in August and September, which occurred despite the upward trend in manufacturing production, were followed in October by a renewed rise.

#### Sources of Strategic Materials.

The principal sources of imported raw materials required by American industry remain open despite blockade and counterblockade measures affecting three continents. Of the materials officially designated as strategic (i. e., materials essential to the national defense for the supply of which dependence must be placed in whole or in part on sources outside the continental limits of the United States), mercury is the single item of which the primary foreign source has been a continental European or Mediterranean country. However, high domestic prices for mercury have so stimulated domestic production that the United States is now more than self-sufficient in the mineral so far as vital requirements are concerned. Substantial quantities have been exported during 1940.

Three strategic commodities have been obtained during recent years almost exclusively from countries in this hemisphere: Antimony ore from Mexico, Bolivia, Peru, and Argentina; nickel from Canada; and quartz

Table 1.—United States Imports of Strategic Materials, by Countries, Calendar Year 1939 and First Half of 1940

(Values in thousands of dollars)

Commodity and country	1939		First half of 1940			
	Quantity		Quantity		Value	
	Amount	Per cent	Amount	Per cent	Amount	Value
Antimony ore (1,000 lb.)	18,890	100.0	1,132	100.0	1,078	
Mexico	12,091	64.0	670	59.2	506	
Bolivia	4,909	26.0	271	23.9	207	
Peru	881	4.6	53	4.7	53	
Other South America	430	2.3	22	1.9	1	
Chromite (1,000 tons)	134,891	100.0	2,016	100.0	4,125	
British South Africa	62,419	46.3	1,719	85.2	1,847	
British West Africa	5,678	4.2	81	4.0	184	
Philippine Islands	28,034	21.2	625	31.0	744	
British India	9,178	6.8	234	11.6	264	
French Oceania	7,673	5.6	281	13.9	302	
Turkey	5,816	4.3	234	11.6	264	
Greece	4,322	3.2	112	5.5	122	
Cuba	21,744	16.1	261	12.9	217	
Manganese ore containing 35 percent and over of manganese (1,000 lb.)	782,934	100.0	8,498	100.0	8,028	
Union of Soviet Socialist Republics	154,244	19.7	2,264	26.6	2,659	
Cuba	118,849	15.2	1,890	22.2	1,873	
Brazil	43,678	5.6	367	4.3	737	
Chile	51	0.0	7	0.1	163	
British India	102,046	13.2	1,038	12.2	820	
Philippine Islands	7,602	1.0	90	1.1	211	
Union of South Africa	3,002	0.4	46	0.5	708	
Gold Coast	276,002	35.3	3,019	35.5	1,275	
Manganese ore (less than 35 percent) (1,000 lb.)	45,833	100.0	4,172	100.0	2,898	
Philippine Islands	45,213	98.7	4,064	97.4	2,750	
Netherlands Indies	720	1.6	78	1.9	148	
Mica (1,000 lb.)	3,207	100.0	912	100.0	1,285	
British India	2,381	74.3	646	70.8	1,066	
Madagascar	603	18.2	138	15.1	74	
Brazil	120	3.7	56	6.1	62	
Other South America	21	0.6	21	2.3	16	
Canada	51	1.6	34	3.7	10	
Nickel in pigs, bars, etc. (1,000 lb.)	99,380	100.0	24,614	100.0	14,795	
Canada	97,284	97.8	24,458	99.3	14,795	
Norway	1,291	1.3	370	1.5	30	
Quartz crystals (Brazilian pebbles) (1,000 lb.)	67	100.0	132	100.0	91	
Brazil	67	100.0	132	100.0	91	
Cinchona bark (1,000 lb.)	2,000	100.0	847	100.0	391	
Netherlands Indies	1,941	97.1	841	99.3	370	
South and Central America	59	2.9	4	0.5	11	
Quinine sulphate and other alkaloids, salts, etc. (1,000 oz.)	2,438	100.0	1,383	100.0	1,018	
Netherlands	2,438	100.0	1,383	100.0	1,018	
Netherlands Indies	148	6.1	78	5.6	392	
Germany	148	6.1	78	5.6		
Mercury (1,000 lb.)	268	100.0	397	100.0	12	
Mexico	18	6.7	61	15.4	4	
Spain	198	73.3	248	62.6		
Italy	20	7.5	80	20.3		
Hevea, caoutchouc and other natural crude rubber (1,000 lb.)	1,062,578	100.0	167,687	100.0	128,446	
British Malaya	507,319	47.7	94,387	56.3	78,904	
Netherlands Indies	280,141	26.4	47,012	28.1	38,820	
Ceylon	77,004	7.3	12,782	7.6	9,204	
British India and Burma	7,548	0.7	1,187	0.7	1,000	
French Indo China	68,207	6.4	9,287	5.5	2,238	
South and Central America	12,847	1.2	1,811	1.1	938	
Raw silk (1,000 lb.)	51,698	100.0	120,348	100.0	58,204	
Japan	44,678	86.4	104,319	86.7	41,238	
China	5,608	10.8	11,711	9.7	5,594	
Italy	1,411	2.7	2,103	1.7	1,372	
Tin in bars, blocks, etc. (1,000 lb.)	157,023	100.0	78,691	100.0	52,098	
British Malaya	104,789	66.7	47,138	60.0	44,281	
Netherlands Indies	11,007	7.0	5,453	6.9	2,082	
China and Hong Kong	6,878	4.4	4,015	5.1	2,107	
United Kingdom	23,243	14.8	10,866	13.8	2,249	
Belgian Congo	234	0.1	122	0.1	1,028	
Tin ore (less than 35 percent) (1,000 lb.)	800	100.0	412	100.0	1,068	
Bolivia	30	3.8	25	6.1	941	
Chile	270	33.8	203	49.3		
Other Latin America	201	25.2	194	47.2		
Tungsten ore and concentrates (for consumption) (1,000 lb.)	1,435	100.0	808	100.0	2,180	
China	900	62.8	487	60.3	936	
British Malaya	194	13.5	113	14.0	122	
British India and Burma	18	1.3	8	1.0	88	
Thailand	87	6.1	42	5.2	34	
Australia	47	3.3	42	5.2	284	
South America	388	27.1	244	30.2	782	

<sup>1</sup> Antimony content.

<sup>2</sup> Tons of 2,240 pounds, chrome oxide content.

<sup>3</sup> Some nickel ore and nickel oxide are also imported from Canada.

<sup>4</sup> Latex and styrene are not included.

<sup>5</sup> Tin content.

<sup>6</sup> Tungsten content. Figures do not include ores imported for refining and export.

crystal (Brazilian pebble) from Brazil. Imports of all three have been maintained or increased during 1940 as compared with 1939. A large quantity of antimony has recently been purchased from China.

Chromite used in making steel alloys, chemicals, and refractory materials, was imported chiefly from British South Africa and the Philippine Islands in 1939, with smaller amounts coming from Cuba, French Oceania, Turkey, India, Greece, and British West Africa. The loss of supplies from Greece and Turkey would have affected less than 10 percent of total imports in 1939 and 13 percent in the first 6 months of 1940. Sources in Latin America supplied only 16 percent of the total in 1939 and only 9 percent during the first half of 1940. Receipts of chromite during the 6 months ended with June 1940 considerably exceeded those during the whole of 1939. Industrial stocks are high and have

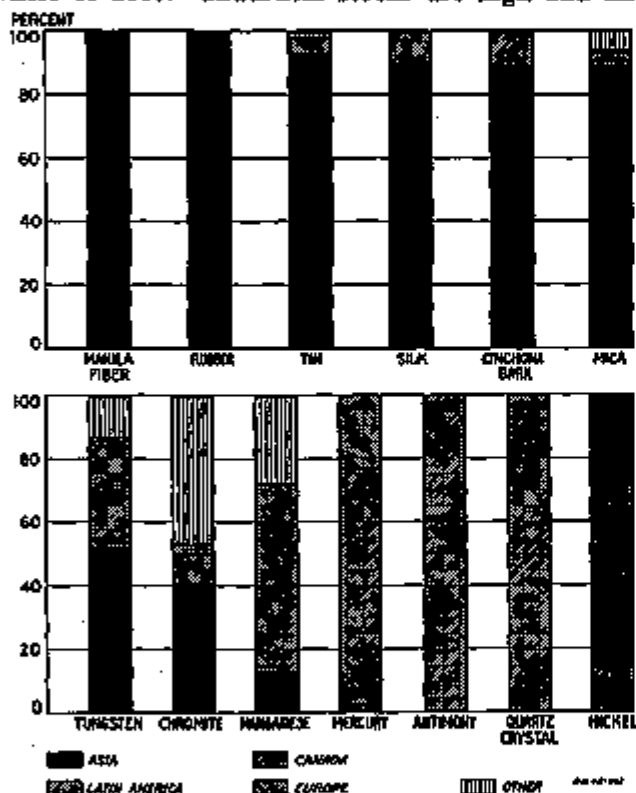


Figure 9.—Imports of Strategic Materials, by Continents, First Half of 1940 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

increased since the beginning of 1940. Domestic production is negligible.

Manganese ores of specific grades are essential in the manufacture of steel and for dry batteries. In 1939 the Gold Coast supplied 39 percent of total imports (ferrograde and battery grade), the U. S. S. R. 22 percent (through Black Sea ports), Cuba 17 percent, British India 15 percent, and Brazil 6 percent. During the first 6 months of 1940, the U. S. S. R. was the leading supplier with 36 percent of the total, followed by the Gold Coast with 17 percent, Cuba and the Union of South Africa with 12 percent each, and British India and Brazil with 10 percent each. Small amounts came

from the Philippine Islands, Chile, and the Netherlands Indies. Cuba, where production is being stepped up, and other sources in this hemisphere provided during this recent period approximately one-fourth of aggregate imports. Total imports of manganese ore, including battery grade, amounted to 593,000,000 pounds as compared with 703,000,000 pounds during 1939. At the 1940 level, imports of manganese ore are sufficient for capacity steel output, and industrial stocks approximate almost 2 years' supply at current rates of consumption.

The most important single source of imported tungsten ore and concentrates is China, from which large deliveries have been arranged in connection with an extension of credit by the Export-Import Bank. In the first half of 1940, however, Bolivia and other South American countries supplied nearly as much as China, and other substantial quantities came from Australia, British Malaya, British India, and Thailand. There are no suppliers among countries in the European war zone. Receipts from South American countries alone in 1940 will exceed total imports from all countries in 1939, and total receipts in 1940 will be several times as large as in the preceding year. Half of current domestic requirements for making high speed tool steel, for hard-facing valve parts and tool bits, and for other uses are met by domestic production. Most of the remainder could be obtained from Bolivia if supplies from China were no longer available.

The United States is largely dependant for its tin upon the Far East and predominantly upon British Malaya, which supplied 67 percent of imports directly in 1939 and 85 percent in the first 6 months of 1940 (plus additional amounts indirectly). Other sources include the Netherlands Indies, China, and Belgian Congo. Total imports of tin have increased notably during 1940 and will exceed receipts during 1939 by a wide margin. Arrivals of tin in the United States in September were the highest of record. Industrial stocks are considerably above normal.

As in the case of tin, rubber imports come principally from Southeastern Asia. British Malaya and the Netherlands Indies together supply about 85 percent of the total, with the remaining 15 percent coming from Ceylon, French Indo-China, Thailand, Sarawak, British India and Burma, South and Central America, and Liberia. Sources in Latin America, to which the rubber tree is indigenous, have supplied only 1 percent of total imports in recent periods. Arrivals of crude rubber reached record levels during the third quarter of 1940 and for the year as a whole will probably exceed receipts in 1939 by roughly 50 percent. The increase is attributable in small part to imports under the terms of the cotton-rubber barter deal with the United Kingdom, which calls for the delivery in all of 86,000 long tons to be held as an emergency reserve. Other agreements entered into by the United States

Government and rubber manufacturers, on the one hand, and the International Rubber Regulation Committee, on the other, provide for the purchase of an additional 150,000 tons for reserve stocks in 1940 and of 180,000 tons in 1941. At the end of October, Government-held stocks in the United States were 57,000 long tons, and private stocks were 202,000 tons. Total imports during 1939 including latex and guayule were approximately 500,000 tons and during the first 10 months of 1940 approximately 650,000 tons. Domestic requirements for the current year have been placed at something over 600,000 tons.

Four other commodities designated as strategic are chiefly of Asiatic origin. Japan provides four-fifths of United States imports of raw silk. The only other important sources are China and Italy, and imports from Italy have been cut off since June. Manila fiber comes almost entirely from the Philippine Islands. Cinchona bark, from which quinine is derived, is imported almost exclusively from the Netherlands Indies, although some of inferior quality is obtained in Central and South America. Quinine sulphate and other alkaloids and quinine salts, formerly purchased from the Netherlands, are now imported from the Netherlands Indies. British India is the only important source of films and splittings of mica used in conductors, spark plugs, radio tubes, armatures, and transformers, although supplies of unmanufactured mica are available from Madagascar, Brazil and other South American countries, and Canada. With the exception of raw silk, which has been purchased in steadily decreasing quantities during the past decade, imports of these commodities have been maintained or increased during 1940 from the levels of the preceding year. Imports of mica approximately tripled.

#### General Pattern of Import Rise During First Year of War.

It is a fact of utmost importance that 85 percent of imports of strategic materials by value originates in eastern Asia. Ten percent comes from countries in this hemisphere. The rise in United States imports during the first year of the war, which was the result largely of increased purchases of crude materials and semimanufactures from Asia and Latin America, cannot be related especially to these circumstances, however, or to larger importations of strategic materials as a part of defense policy. For, since Asia and Latin America are the major sources of imported crude materials and semimanufactures (including strategic items) and since these two categories constitute the more elastic elements in import trade, fluctuations in the trade are always concentrated to a considerable degree in imports of raw and partly processed commodities from the two areas. During the 12 months ended August 1940, imports into the United States for consumption were valued at \$2,529,000,000 or at \$418,000,000 more than during the preceding 12 months. Practically the whole of this

difference was accounted for by increased receipts of crude materials and semimanufactures from Asiatic and Latin American countries. The rise in imports from Canada, Africa, and Oceania, which also resulted primarily from larger purchases by the United States of articles for further processing, was approximately offset by reduced imports from Europe of finished manufactures and semimanufactures. Total imports of finished manufactures decreased somewhat in value during the first year of the war as compared with the preceding year, whereas imports of crude and manufactured foodstuffs increased moderately.

Table 2.—Imports Into the United States for Consumption, Economic Classes by Continents, 12 Months Ended August 1939 and 1940

(In millions of dollars)

Continent	Total	Crude materials	Crude foodstuffs	Semi-manufactured foodstuffs	Semi-manufactures	Finished manufactures
<b>SEPTEMBER 1939-AUGUST 1939</b>						
Imports, total	2,110.7	359.4	281.4	295.3	438.7	436.9
Northern North America	302.5	35.5	32.6	22.5	35.0	124.9
Southern North America	200.8	35.4	66.1	78.8	38.2	7.2
South America	178.8	99.3	127.1	13.7	35.5	2.8
Europe	422.3	53.0	5.4	197.4	182.9	223.2
Asia	608.8	332.5	33.6	74.0	39.4	75.8
Oceania	24.2	20.1	.1	2.4	.7	.8
Africa	65.6	38.5	16.2	1.5	6.9	1.4
<b>SEPTEMBER 1940-AUGUST 1940</b>						
Imports, total	2,529.7	387.4	293.7	313.1	567.5	427.2
Northern North America	300.2	32.0	34.3	20.5	133.4	153.0
Southern North America	227.3	43.9	67.4	102.1	33.1	6.6
South America	358.1	146.3	139.2	14.6	62.1	2.0
Europe	400.3	38.0	7.1	61.3	142.7	150.9
Asia	601.2	317.0	34.9	72.8	166.0	68.5
Oceania	28.3	24.0	.4	2.5	1.1	.2
Africa	103.3	55.2	20.1	1.3	17.2	1.5

<sup>1</sup> Includes beverages.

The increase in imports from individual countries during the 12 months from September 1939 to August 1940 over the corresponding period of 1938-39 was striking in many instances, as may be seen in table 3.

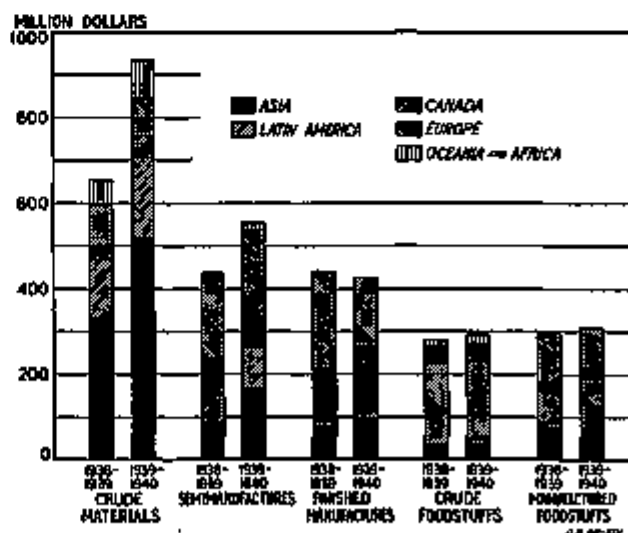


Figure 10.—Value of Imports Into the United States for Consumption, By Economic Classes and Continents, 12 Months Ended August 1939 and 1940 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

Note.—Manufactured foodstuffs include beverages.

Table 3.—United States Imports, by Continents and Selected Countries, 12 Months Ended August 1937, 1939, and 1940

Continent and country	Millions of dollars			Percent distribution		Percent change
	12 months ended August—					
	1937	1939	1940	1937	1939	1940 from 1939
General imports, total.....	3,064.3	3,132.1	3,625.3	100.0	100.0	+23.1
Europe.....	857.4	822.4	617.8	28.0	26.3	-18.8
Northern North America.....	428.0	397.6	413.8	14.0	12.7	+24.0
Latin America.....	705.4	696.9	649.4	23.0	22.3	-23.0
Asia.....	906.4	812.3	905.7	29.6	26.0	+48.1
Oceania.....	67.4	23.7	28.2	2.2	0.9	+18.9
Africa.....	86.7	80.3	100.8	2.8	3.1	+45.9
Principal British countries, total.....	1,018.5	890.6	839.8	33.2	28.4	-45.3
United Kingdom.....	222.5	144.2	144.6	7.3	4.6	-15.6
Canada.....	430.2	283.6	401.6	14.0	9.1	+34.6
British India, including Burma.....	92.3	62.8	66.2	3.0	2.0	-40.0
British Malaya.....	217.7	118.6	233.2	7.1	3.8	+89.8
Australia.....	43.4	11.8	18.8	1.4	0.4	+44.7
Union of South Africa.....	11.9	23.3	44.4	.4	1.0	+80.1
Continental Europe and Mediterranean area, total.....	636.9	613.0	268.7	21.0	19.7	-24.6
Belgium.....	78.1	57.7	47.6	2.6	1.8	-18.6
Denmark.....	6.1	3.7	2.8	.2	.1	-38.6
Finland.....	18.3	20.9	10.9	.6	0.7	-47.6
France.....	76.2	50.0	50.0	2.5	1.6	-22.9
Germany, Austria, Czechoslovakia and Poland.....	160.6	96.1	14.6	5.2	3.1	-84.7
Italy.....	45.7	38.2	1.0	1.5	0.3	-93.6
Netherlands.....	57.9	22.3	10.8	1.9	0.7	-40.3
Norway.....	26.0	18.4	10.8	.8	.6	-16.1
Portugal.....	9.4	6.4	9.0	.3	.3	+67.1
Spain.....	17.1	6.4	13.3	.6	.4	+52.4
Sweden.....	55.9	41.6	24.3	1.8	1.3	-17.8
Switzerland.....	26.0	25.2	24.1	.8	0.8	-4.6
Union of Soviet Socialist Republics.....	24.7	25.1	24.8	.8	0.8	-5.4
Other continental and Mediterranean countries.....	71.3	48.6	72.9	2.3	1.5	+11.1
Southern North America, total.....	284.2	314.8	296.4	9.3	10.7	+23.8
Cuba.....	150.7	185.0	118.2	4.9	5.9	-21.7
Mexico.....	68.3	60.6	75.3	2.2	2.4	+18.9
South America, total.....	421.2	263.1	261.0	13.7	8.4	+34.6
Argentina.....	144.8	54.2	75.2	4.7	2.3	+56.2
Brazil.....	120.9	100.6	108.0	3.0	3.2	+21.4
Chile.....	44.9	28.0	62.2	1.5	0.9	+122.7
Colombia.....	28.7	47.2	57.4	0.9	1.5	+58.8
Venezuela.....	24.0	21.6	82.3	.8	1.0	+82.0
Asia, total.....	904.4	812.3	905.7	29.6	26.7	+48.1
China, including Hong Kong and Kwanton.....	112.5	88.0	96.7	3.7	2.7	+24.8
Japan.....	207.8	133.9	171.1	6.8	4.3	+28.7
Netherlands Indies.....	103.8	80.3	138.8	3.4	3.9	+72.9
Philippine Islands.....	117.7	90.1	88.7	3.8	2.8	-1.7

<sup>1</sup> Includes Azores, Bulgaria, Gibraltar, Greece, Hungary, Malta, Rumania, Albania, Yugoslavia, Palestine, Syria, Turkey, Egypt, Algeria, Tunisia, and Morocco.

Imports from British Malaya and the Union of South Africa approximately doubled in value; from India and Australia increased by nearly half; and from Canada, the most important single source of United States imports, by more than a third. Receipts from Argentina, Mexico, Venezuela, and Chile and from China and the Netherlands Indies all increased by at least twice as much relatively as total imports and in the latter three instances by several times as much—partly, however, as a result of direct shipment to the United States of goods formerly shipped through some other country. Imports from a number of these countries were larger during the first year of the European war than in the 12 months ended August 1937, during which import trade was at its peak for recent years. Imports from Japan, Brazil, and Cuba increased during the war period as compared with the corresponding period of 1938-39 but were below the levels of 1936-37; while receipts from the Philippine Islands decreased as compared with both earlier periods and those from

Colombia showed little change. As noted below, imports from European countries were reduced in nearly all instances.

A number of major import commodities other than strategic materials were imported in significantly higher values during the first year of the war, as shown in table 4. Among these were copper (chiefly for refining and export), wool and mohair, jute burlaps, petroleum and products, and vegetable oils.

Table 4.—United States Imports for Consumption, by Principal Commodities and Groups of Commodities, 12 Months Ended August 1937, 1939, and 1940

Commodity and commodity group	Millions of dollars			Percent distribution		Percent change	
	12 months ended August—						
	1937	1939	1940	1937	1939		1940
Total imports for consumption.....	3,064.3	3,110.7	3,538.7	100.0	100.0	+19.8	
Animals and animal products, edible.....	110.8	93.9	81.4	3.7	3.0	-13.3	
Meat products.....	24.9	20.0	18.7	0.8	.8	-24.5	
Fish.....	34.9	30.3	23.0	1.1	1.0	-33.6	
Animals and animal products, inedible.....	225.7	128.1	107.1	7.4	4.1	+21.0	
Hides and skins.....	70.4	42.5	30.8	2.3	1.4	-13.6	
Furs and manufactures.....	83.9	40.4	71.7	2.7	2.3	+43.1	
Vegetable food products and beverages.....	782.0	482.7	625.1	25.5	15.5	+18.8	
Cereals and preparations.....	139.1	12.2	14.2	4.5	.6	+18.8	
Vegetables and preparations.....	24.4	17.1	18.8	.8	.8	+10.1	
Fruits and nuts.....	67.3	50.5	64.4	2.2	1.6	+5.3	
Vegetable oils, edible.....	31.9	12.3	8.2	1.0	.6	-28.3	
Oleae or oleae beans.....	55.8	24.2	28.9	1.8	0.9	+22.9	
Coffee.....	142.4	137.5	137.6	4.6	4.4	+1.1	
Tea.....	20.7	20.1	22.6	.7	0.7	+12.3	
Cocoa sugar.....	61.3	48.4	41.9	2.0	1.6	-16.3	
From Philippine Islands.....	205.3	81.6	38.7	6.7	2.6	-41.8	
From foreign countries.....	74.4	56.4	60.0	2.4	1.9	+6.5	
Distilled spirits and wines.....	450.8	318.2	459.5	14.7	10.2	+44.4	
Vegetable products, inedible.....	223.3	151.7	125.1	7.3	4.8	-35.7	
Gum rubber.....	61.9	65.6	38.0	2.0	2.1	-38.7	
Oleae.....	76.9	38.9	51.1	2.4	1.3	+20.0	
Expressed oils and fats.....	33.3	36.0	34.9	1.1	1.1	+2.7	
Tobacco, unmanufactured.....	467.3	314.1	407.0	15.3	10.1	+28.8	
Textile fibers and manufactures.....	60.2	38.1	34.5	2.0	1.2	-36.6	
Cotton manufactures, including yarns.....	40.8	27.0	20.4	1.3	0.8	-34.8	
Jute burlaps.....	23.1	21.8	21.0	0.8	0.8	-9.9	
Flax, hemp, and ramie manufactures.....	32.9	14.6	22.2	1.1	.7	+51.6	
Wool and mohair, unmanufactured.....	102.2	41.0	72.9	3.4	1.3	+77.7	
Wool manufactures, including yarns.....	34.9	22.2	22.1	1.1	0.7	+7.8	
Raw silk.....	170.8	85.4	133.2	5.6	2.8	+32.7	
Wood and paper.....	292.8	244.0	277.6	9.6	7.8	+13.8	
Sawmill products.....	20.8	17.2	22.9	.7	.6	+33.8	
Wood pulp.....	94.9	71.6	76.2	3.1	2.3	+34.4	
Newsprint.....	114.2	106.4	127.6	3.7	3.4	+16.6	
Nonmetallic minerals.....	115.4	129.3	154.1	3.8	4.2	+19.3	
Petroleum and products.....	44.4	41.9	59.1	1.5	1.3	+40.8	
Diamonds.....	47.9	41.0	47.4	1.6	1.3	+12.6	
Metals and manufactures.....	260.8	191.1	235.8	8.5	6.1	+34.8	
Base alloys.....	26.4	17.4	35.6	.9	.6	+54.8	
Nonferrous metals.....	187.2	122.3	235.4	6.1	4.0	+54.1	
Copper, including ores and manufactures.....	44.5	29.6	61.0	1.5	0.9	+58.7	
Nickel.....	25.8	21.5	24.7	0.8	0.7	+10.3	
Tin, bars, blocks, pigs, etc.....	82.9	55.6	104.3	2.7	1.8	+56.6	
Machinery and vehicles.....	22.2	19.2	11.1	.8	.6	-37.7	
Chemicals and related products.....	88.8	53.5	69.6	2.9	1.7	+32.5	
Coal-tar products.....	17.8	10.1	12.9	.6	.3	+32.2	
Industrial chemicals.....	27.1	18.0	14.9	.9	.6	-37.8	
Fertilizers and materials.....	43.9	35.4	31.8	1.4	1.0	-34.1	
Miscellaneous articles.....	104.6	87.9	50.6	3.4	2.8	-40.8	
Clocks, watches, and mechanisms.....	9.6	9.4	12.9	.3	.4	+36.8	
Art works.....	25.7	20.6	15.1	.8	0.6	-28.8	

<sup>1</sup> Includes steel, manila, kapok, New Zealand fiber, crin vegetal, etc.

<sup>2</sup> Chiefly unrefined copper for refining and export.

**Effect of Purchases for Reserve Stocks on Import Trade.**

The trend of import trade for the near term cannot be dissociated from the projected accumulation of reserves of strategic materials under the defense program. The rubber agreements mentioned above will result by the end of 1941 in imports for Government-held stocks of 416,000 tons (worth about \$165,000,000 at prevailing prices) over and above current requirements to be financed through the Rubber Reserve Company, a subsidiary of the Reconstruction Finance Corporation. Anticipated additions to private stocks will increase total domestic reserves and therefore supplementary imports to the equivalent of more than a year's supply before the end of 1941. Another subsidiary of the Reconstruction Finance Corporation, the Metals Reserve Company, will finance imports for reserve stocks of tin (75,000 tons within one year), manganese ore (1,000,000 tons in 3 years), chromite, tungsten, and antimony. Within the next 2 years, these organizations and the Procurement Division of the Treasury are expected to disburse \$700,000,000 for these purposes, or at approximately twice the rate of purchases of the five commodities in 1940. At the same time, trade inventories are being built up against prospective increased requirements. The availability of substitutes will affect imports of a number of strategic materials, although probably to a relatively small degree so long as trade routes to the Far East remain open. Present plans call for increasing domestic capacity for producing synthetic rubber to 100,000 tons, about one-sixth of current consumption.

**Trade With Latin America.**

With a few unimportant exceptions, the possible expansion of import trade with Latin America, upon which the immediate future of United States export trade with that area in part depends, hinges upon purchases of commodities other than strategic materials. The increase in imports of Latin American products during the first year of the war over the preceding year, amounting to approximately \$150,000,000, was accounted for to a considerable extent by larger purchases of wool and hides and skins from Argentina, of carnauba wax and hides and skins from Brazil, of copper (for refining and export) and sodium nitrate from Chile, of coffee from Colombia, of petroleum from Venezuela, and of petroleum and sisal and henequen from Mexico.

A further increase in purchases of the varied list of products of Latin American origin would seem to depend only secondarily upon the defense program in general or the procurement of strategic materials in particular, although all possibilities in this direction are being intensively explored. In the case of copper and petroleum brought in for refining and export, the trend of export demand is the determining factor. The recently concluded agreement upon coffee quotas between the United States and producing countries should have the effect of stabilizing the trade and of maintaining

prices but not of increasing the total value of imports. At the present time, vigorous efforts are being made, with Government support, to enlarge the consumption in the United States of commodities ordinarily imported from Latin America, to develop markets for other Latin American export commodities not ordinarily sold to this country, and to locate sources of supply of products, such as handmade articles, which are no longer obtainable from Europe.

**Trade With Europe.**

The application of blockade measures to exports from Germany, from the German-occupied areas, and from Italy (after June), coupled with difficulties of supply and transport in all of the European belligerent countries, was largely responsible for the decline in United States imports from Europe since the outbreak of the war. Receipts from the United Kingdom were, by virtue of vigorous policies in aid of British export trade, maintained and even increased during the period as a whole; but shipments from practically all continental and Mediterranean countries, with the outstanding exceptions of Spain and Portugal, decreased.

The partial or complete rupture of import trade with continental and Mediterranean countries is especially damaging to the luxury trades, for few essential materials were secured in Europe that are not available in large quantities from other sources. Shipments of chromite from Greece and Turkey, amounting to 13 percent of total imports of chromite during the first half of 1940, and of manganese from the U. S. S. R., amounting to 34 percent of total imports of manganese during the same period, are the only strategic items involved. The list of finished manufactures which cannot be imported from Europe under existing conditions is a long one. It includes cotton textiles from Belgium, France, and Italy; linens from Belgium and Czechoslovakia; rayon yarns from France and Italy; cotton and silk laces and embroideries from France; leather manufactures from France, Czechoslovakia, and Belgium; glass and glass products from Germany, Belgium, and Czechoslovakia; china and porcelain ware from Germany; precious stones and imitations from Belgium, Netherlands, Germany, France, and Czechoslovakia; gloves from France, Czechoslovakia, and Belgium; cigarette paper and perfumeries from France; cameras, scientific and professional instruments, musical instruments, and Christmas tree ornaments from Germany; and beads and beaded articles from Czechoslovakia. Shipments from Switzerland, interrupted in June, were resumed in September by permission of the belligerents. The losses in import trade with Europe are being repaired to some extent from other foreign sources open to American trade and to some extent also from domestic sources. In a few instances European artisans have migrated to this country in order to continue their pursuits, but the transplantation of industries and of skills has been on a small scale.